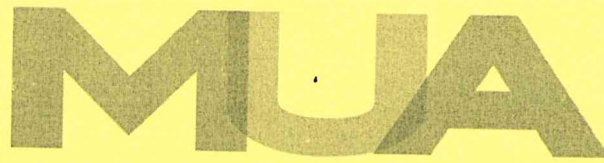


The
Management
University
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UNDERGRADUATE UNIVERSITY EXAMINATIONS
SCHOOL OF MANAGEMENT AND LEADERSHIP
DEGREE OF BACHELOR OF ARTS IN DEVELOPMENT STUDIES

**BDS 309: MICRO, SMALL AND MEDIUM ENTERPRISES AND
DEVELOPMENT**

DATE: 10TH AUGUST 2016

DURATION: 2 HOURS

MAXIMUM MARKS: 70

INSTRUCTIONS:

1. Write your registration number on the answer booklet.
2. **DO NOT** write on this question paper.
3. This paper contains **SIX (6)** questions.
4. Question **ONE** is compulsory.
5. Answer any other **THREE** questions.
6. Question **ONE** carries **25 MARKS** and the rest carry **15 MARKS** each.
7. Write all your answers in the Examination answer booklet provided.

QUESTION ONE

Read the Case Study below carefully and answer the questions that follow:

TRAYS FOR TOURISTS

A few years ago, Josiah noticed that many tourists were passing through his village, but very few people were selling arts and crafts using traditional local designs. So he started making wooden trays and decorating them with local designs. They sold so well that he decided to rent a shop and to employ two people to make and paint trays and other wooden household items. He knew this was a risk, but his products had sold well, so he was confident that they would continue to sell. He supervised his two employees closely to make sure that every item met his high standards of quality. He also talked to customers and asked them what they liked about his products and what they didn't like. He used their feedback to improve his range of products.

Soon after he expanded his business, Josiah had his first problems. His shop was right next to the restaurant where all the tourist buses stopped, but then a better restaurant opened in the next street. The tour guides changed their route to go there instead, and people stopped coming to Josiah's shop. Some shops around him started to go out of business, but Josiah made a plan. He put up an advertising board next to the new restaurant to direct people to his shop, and soon got back most of his customers.

Required:

- (a) Identify six personal characteristics that might make Josiah a good entrepreneur with reference to the case study (3 marks)
- (b) Successful entrepreneurs have certain entrepreneurial and managerial success factors. Advise Josiah on the eight managerial success factors that he must consider in running a successful business (4 marks)
- (c) What deadly sins of entrepreneurship did Josiah commit with reference to the case study? Defend your answers (5 marks)

- (d) In addition to the normal obstacles of starting a business, what other barriers do young entrepreneurs face? (3 marks)
- (e) What advantages do young entrepreneurs have when launching a business? (3 marks)
- (f) What advice would you offer a fellow university student about to start a business? (2 marks)
- (g) Analyze ideas about what MUA management could do to create a culture of entrepreneurship in the campus. (5 marks)

QUESTION TWO

- (a) Discuss the importance of networking to an entrepreneur. (5 marks)
- (b) Giving two examples of each, differentiate between equity and debt financing. (4 marks)
- (c) Describe factors that an entrepreneur needs to take into consideration when choosing an appropriate source of business finance. (6 marks)

QUESTION THREE

- (a) Propose any 2 objectives of promoting small businesses. (3 marks)
- (b) Discuss any 3 major barriers in the way of entrepreneurship development in Kenya (6 marks)
- (c) One of the methods to start a business is through family business succession. Illustrate any 3 challenges faced by family business successor. (6 marks)

QUESTION FOUR

- (a) Evaluate the differences between three basic legal forms of businesses. (9 marks)
- (b) What is a business plan? (2 marks)
- (c) State two key behavioral characteristics of an entrepreneur (1 mark)
- (d) Explain with the help of an example, how an entrepreneur assesses the requirements of working capital? (3 marks)

QUESTION FIVE

- (a) The identification of a viable business idea is key to starting a business. Discuss any 2 possible sources of creating business ideas. **(4 marks)**
- (b) Assess the role of MSME owners in promoting economic growth? **(7 marks)**
- (c) List four business activities that may give rise to Unethical business behavior **(4 marks)**

QUESTION SIX

- (a) Evaluate any three types of resources that have to be considered by an entrepreneur while setting up a small-scale enterprise **(3 marks)**
- (b) Illustrate the practical steps involved in setting up a Small-Scale Enterprise **(6 marks)**
- (c) Assess any three growth sustaining activities of an enterprise. **(6 marks)**